

## NOTICE

Notice is hereby given that the **Extra Ordinary General Meeting (EGM)** of the members of Arohan Financial Services Limited (“**Arohan**” or the “**Company**”) will be held on Friday, April 28, 2023, at 15:00 HOURS (IST) through Video Conferencing (“VC”)/Other Audio-Visual Means (“OAVM”) facility to transact the following business:

### **SPECIAL BUSINESS:**

### **TO ISSUE CUMULATIVE COMPULSORY CONVERTIBLE PREFERENCE SHARES ON A PREFERENTIAL BASIS THROUGH PRIVATE PLACEMENT**

To consider, and if thought fit, to pass, with or without modifications, the following resolutions as **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 23, 42, 55, and 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (along with any rules thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) (the “**Act**”) and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 9 and Rule 13 of the Companies (Share Capital and Debenture) Rules, 2014, each as amended from time to time, and in accordance with the Foreign Exchange Management Act, 1999, as amended

or restated (“**FEMA**”), and rules, circulars, notifications, regulations and guidelines issued under FEMA including Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (as amended), all applicable regulations, directions, guidelines, circulars and notifications of the Reserve Bank of India (the “**RBI**”), and in accordance with the Memorandum of Association and the Articles of Association of the Company and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of the appropriate authorities, institutions or bodies as may be required, and subject to such conditions as may be prescribed by any of them while granting any such approval(s), consent(s), permission(s), and/or sanction(s), and as agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**” which term shall be deemed to include any committee and sub-committee which the Board may have constituted or shall hereinafter constitute to exercise its powers including the powers conferred by this resolution), the consent of the shareholders of the Company be and is hereby accorded to create, issue, offer and allot up to 2,35,29,411 Cumulative Compulsory Convertible Preference shares of the Company having face value of INR 10/- (Indian Rupees Ten only) each (“**CCPS**”) at an issue price of INR 85/- (Indian Rupees Eighty Five only) per CCPS (including a premium of INR 75/- (Indian Rupees Seventy Five only) per CCPS aggregating to up to INR 2,00,00,00,000/- (Indian Rupees Two Hundred Crores only), on a preferential basis through private placement, to the person identified below:

Sl. No.	Details of Subscriber	Maximum Number of CCPS	Issue Price (Amount in INR)	Maximum Consideration (Amount in INR)
1.	<b>Danish Sustainable Development Goals Investment Fund K/S, represented by Investment Fund for Developing Countries (“IFU”)</b>	Upto 2,35,29,411	85/-	Upto 2,00,00,00,000/- (Indian Rupees Two Hundred Crores only)

on the terms as set forth in **Part I of Annexure A** (Terms of CCPS) hereunder.”

“**RESOLVED FURTHER THAT** the details as required pursuant to the provisions of Section 55 of the Companies Act, 2013 read with Rule 9(2) of the Companies (Share Capital and Debentures) Rules, 2014, are also covered under **Part II of Annexure A** (Details of CCPS).”

“**RESOLVED FURTHER THAT** the draft of the private placement offer cum application letter in Form No. PAS-4 as prepared in accordance with the provisions of the Companies Act, 2013 (along with any rules thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) (the “**Act**”) along with necessary documents as tabled at the meeting and duly initialed by the

Company Secretary for the purpose of identification be and is hereby approved and the consent of the members of the Company is hereby accorded to any director or Company Secretary of the Company for issuance of the same and circulation to the proposed allottee; and a draft record of the private placement offer in Form PAS-5 in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as tabled at the meeting and duly initialed by the Company Secretary for the purpose of identification be and is hereby approved.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the offer, issue, allotment of the CCPS, any director, Chief Financial Officer and the Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary and desirable for such purpose, including without limitation preparing, signing, executing, and filing applications with the appropriate authorities for obtaining requisite approvals for the issuance and allotment of the CCPS, as may be required, issuing clarifications on the issue and allotment of the CCPS, resolving any difficulties, effecting any modifications, changes, variations, alterations, additions and/or deletions as may be required by any regulator, or other authorities or agencies involved in or concerned with the issue of the CCPS and as the Board may, in its absolute discretion, deem fit and proper in the best interest of the Company without being required to seek any further consent or approval of the members or otherwise.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board be and is hereby authorized to engage depositories, registrars and other consultants and advisors to the issue and to remunerate them by way of fees and/or other charges and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc. with such agencies, as may be required and as permitted by law.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board be and is hereby authorized to delegate any or all of the powers conferred upon it by this resolution to any committee of directors and/or officer(s) of the Company.”

**“RESOLVED FURTHER THAT** the copies of the foregoing resolutions certified to be true copies by any Director or Company Secretary of the Company be furnished to such persons as may be deemed necessary.”

**By order of the Board of Directors**

**Date: April 03, 2023**

**Anirudh Singh G Thakur**

**Place: Kolkata**

**Head- Legal, Compliance & Company Secretary**

## NOTES

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021 21/2021, 02/2022 and 11/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 14, 2021, May 5, 2022 & December 28, 2022 respectively ("MCA Circulars"), permitted holding of the EGM through VC/OAVM facility, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 (along with any rules thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) ('the Act') and applicable MCA Circulars, the EGM of the Company is being conducted through VC/OAVM (hereinafter called as 'e-EGM').
2. The deemed venue for e-EGM shall be the registered office of the Company i.e. PTI Building, 4<sup>th</sup> Floor, DP-9, Sector-V, Salt Lake, Kolkata – 700091.
3. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE EGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE**

**ON THEIR BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS *e*-EGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS *e*-EGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF *e*-EGM ARE NOT ANNEXED TO THIS NOTICE.**

4. Members attending the *e*-EGM through VC / OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. Institutional/Corporate Members (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its board or governing body resolution/authorization, etc., authorizing their representative to attend the *e*-EGM on its behalf and to vote in the *e*-EGM.
6. Explanatory Statement pursuant to Section 102 of the Act, is attached with this Notice of *e*-EGM.
7. The facility of joining the *e*-EGM through VC /OAVM will be opened 30 minutes before and will be open up to 15 minutes after the scheduled



start time of the e-EGM, i.e. from 14:30 HOURS (IST) to 15:15 HOURS (IST).

8. Notice of the e-EGM is being sent only through electronic mode to the Members whose e-mail address is registered with the Company or the Depository Participant(s). Notice calling the e-EGM has been uploaded on the website of the Company at [www.arohan.in](http://www.arohan.in).
9. To receive communications through electronic means, including Notices, members are requested to kindly register/update their email address with their respective depository participant, where shares are held in electronic form. Where shares are held in physical form, members are advised to register their e-mail address with [compliance@arohan.in](mailto:compliance@arohan.in)
10. The transfer of securities (except transmission or transposition of shares) of the Company shall not be processed, unless the securities are held in the dematerialised form. The Company has complied with the necessary requirements as applicable, including sending of letters to members holding shares in physical form and requesting them to dematerialise their physical holdings.
11. To comply with the above mandate, members who still hold share certificates in physical form are advised to dematerialise their



shareholding to avail numerous benefits of dematerialisation, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.

12. The Company has been maintaining, *inter alia*, the following statutory registers at its registered office at PTI Building, 4<sup>th</sup> Floor, DP-9, Sector-5, Salt Lake, Kolkata-700091:
- i) Register of contracts or arrangements in which directors are interested under Section 189 of the Act;
  - ii) Register of directors and Key Managerial Personnel and their shareholding under Section 170 of the Act.

In accordance with the applicable MCA circulars, the said registers will be made accessible for inspection through electronic mode, and shall remain open and be accessible to any member during the continuance of the meeting.

13. For ease of conduct, members who would like to ask questions/express their views on the items of the businesses to be transacted at the meeting can send in their questions/comments in advance to [compliance@arohan.in](mailto:compliance@arohan.in) during the period starting from April 24, 2023 (10:00 a.m.) to April 27, 2023 (6:00 p.m.). The queries may be raised

precisely and in brief to enable the Company to answer the same suitably at the meeting.

14. Instructions for joining the *e*-EGM are as follows:

- Members will be able to attend the *e*-EGM through VC/OAVM provided by the Company.
- Members are encouraged to join the meeting through Laptops with Google Chrome for better experience.
- Further, members will be required to allow camera, if any, and hence must use internet with a good speed to avoid any disturbance during the meeting.
- While all efforts would be made to make the VC/OAVM meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may, at times, experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.
- Members who need technical assistance before or during the *e*-EGM can contact the Company Secretary/Secretarial Department at +91 9883733233/8981444132/9038329510.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF  
THE COMPANIES ACT, 2013 TO THE NOTICE DATED APRIL 03,  
2023 (THE “NOTICE”)**

As required under Section 102 of the Companies Act, 2013 (including any statutory modifications) thereto or reenactments made thereunder, if any, for the time being force (the “Act”), the following explanatory statement sets out all material facts relating to the business mentioned in the accompanying Notice:

**TO ISSUE CUMULATIVE COMPULSORY CONVERTIBLE  
PREFERENCE SHARES ON A PREFERENTIAL BASIS THORUGH  
PRIVATE PLACEMENT**

In order to augment Tier – I Capital to sustain the projected business growth and for meeting requirements of funds for other general corporate purposes, the Company proposes to raise capital up to INR 2,00,00,00,000/- (Indian Rupees Two Hundred Crores only) by issuing up to 2,35,29,411 Cumulative Compulsory Convertible Preference Shares (“CCPS”) on preferential basis through private placement at an issue price of INR 85/- (Indian Rupees Eighty-Five only) per CCPS, which includes INR 75/- (Indian Rupees Seventy Five only) as premium, to the following person:

Sl. No.	Details of Subscriber	Maximum Number of CCPS	Issue Price (Amount in INR)	Maximum Consideration (Amount in INR)
1.	<b>Danish Sustainable Development Goals Investment Fund K/S, represented by Investment Fund for Developing Countries (“IFU”)</b>	Upto 2,35,29,411	85/-	Upto 2,00,00,00,000/- (Indian Rupees Two Hundred Crores only)

The Board of Directors at its meeting held on April 03, 2023, has subject to the approval of the members approved the issuance of CCPS on a preferential basis through private placement to the aforesaid identified person.

Pursuant to the provisions of Sections 23, 42, 55 and 62(1)(c) of the Act and the rules made thereunder, the proposed issuance of CCPS on a preferential basis through private placement requires the approval of the members by way of a special resolution. Accordingly, the proposed resolution is recommended for consideration of and approval by the shareholders of the Company by passing special resolution in the meeting. The PAS-4 is available on the website of the Company.

**Further details of the proposed offer are disclosed below:**

The following disclosures for the issue of CCPS on preferential basis through private placement are made in accordance with the provisions of Section 42, 55 and 62 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 9 and Rule 13 of the Companies (Share Capital and Debenture) Rules, 2014:

**1. Particulars of the offer including date of passing of Board Resolution / The size of the issue and number of preference shares to be issued and nominal value of each share:**

The Board has pursuant to its resolution dated April 03, 2023 accorded its approval for raising funds by issuing up to 2,35,29,411 Cumulative Compulsory Convertible Preference shares (“CCPS”) of face value of INR 10/- (Indian Rupees Ten only) each, at an issue price of INR 85/- (Indian Rupees Eighty Five only) per CCPS including a premium of INR 75/- (Indian Rupees Seventy Five only) per CCPS, aggregating to up to INR 2,00,00,00,000/- (Indian Rupees Two Hundred Crores only), on preferential basis through private placement.

**2. The objects of the issue / Purposes or objects of the offer:**

The proceeds from the issue will be utilized for the purpose of augmenting the Tier I capital, and for meeting requirements of funds for other general corporate purposes of the Company.

**3. The total number of shares or other securities to be issued:**

Up to 2,35,29,411 Cumulative Compulsory Convertible Preference shares (CCPS).

**4. Kinds of securities offered and the price/price band at which security is being offered / the allotment is proposed:**

Cumulative compulsory convertible preference shares (CCPS) at an issue price of INR 85/- (Indian Rupees Eighty-Five only) including a premium of INR 75/- (Indian Rupees Seventy-Five only) per CCPS.

**5. Basis or justification on which the price has been arrived at (including premium) at which the offer or invitation is being made, along with report of the registered valuer:**

Price arrived as per Fair Value method. A copy of the valuation report dated February 15, 2023 shall be available for inspection at the Registered Office of the Company during business hours from 9:30 A.M. to 6:30 P.M.

**6. Name and address of valuer who performed valuation:**

The valuation of the Equity Shares has been carried out by Ms. Madhumita Karar, Registered Valuer, [Reg No- IBBI/RV/06/2018/10341] having its office at Chatterjee International Centre, 17th Floor, Flat No. 13A, 33A, J.L Nehru Road, Kolkata- 700071. The valuation report is dated February 15, 2023.

**7. Relevant date with reference to which the price has been arrived at:**

February 15, 2023.

**8. Amount which the company intends to raise by way of such securities:**

Up to INR 2,00,00,00,000/- (Indian Rupees Two Hundred Crores only).

**9. Material terms of raising such securities / The terms of issue, including terms and rate of dividend on each share, etc. / The terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion:**

CCPS shall have the terms set out in **Annexure A**.

**10. Proposed time schedule of the offer:**

The offer for issue of CCPS will be valid for a period of 120 (One Hundred and Twenty) days from the date of issue of private placement offer cum application letter and will lapse on the earlier of: (i) the expiry of 120 (One Hundred and Twenty) days from the date of issue of private placement offer



cum application letter; or (ii) the receipt of acceptance letter from the offeree along with the subscription consideration.

**11. Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects:**

No contribution is being made by the promoters or directors either as part of the offer or separately in furtherance of objects.

**12. Principle terms of assets charged as securities:**

Not Applicable.

**13. The class or classes of persons to whom the allotment is proposed to be made:**

Allotment to specific identified investor (in the Non-Promoter category) - **Danish Sustainable Development Goals Investment Fund K/S, represented by Investment Fund for Developing Countries (“IFU”)**

**14. Intention of promoters, directors or key managerial personnel to subscribe to the offer:**

None of the Promoters, Directors or Key Managerial Personnel of the Company intends to subscribe to any of the CCPS proposed to be issued.

**15. The proposed time within which the allotment shall be completed:**

In accordance with the timelines agreed to by and between the Company and **Danish Sustainable Development Goals Investment Fund K/S**, represented by **Investment Fund for Developing Countries (“IFU”)** within the relevant transaction documents, subject to applicable law.

**16. The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them:**

The CCPS are being issued to **Danish Sustainable Development Goals Investment Fund K/S**, represented by **Investment Fund for Developing Countries (“IFU”)**. For post conversion percentage shareholding, please refer to **Annexure B**.

**17. The change in control, if any, in the Company that would occur consequent to the preferential offer:**

No change of control shall occur consequent to the proposed issue.

**18. The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:**

- (a) Issue and allotted 1,150 (One Thousand One Hundred and Fifty) secured, rated, listed, redeemable and transferable non-convertible debentures having face value of INR. 10,00,000/- (Indian Rupees Ten Lakhs only) each amounting up to INR. 115,00,00,000/- (Indian Rupees One Hundred and Fifteen Crores only) to Blue Orchard Microfinance Fund.
- (b) Further, Issue and allotted 1,85,00,412 Cumulative Compulsory Convertible Preference Shares at an issue price of INR 85/- (Indian Rupees Eighty Five only) per CCPS (including a premium of INR 75/-) (Indian Rupees Seventy Five only) per CCPS aggregating to INR 1,57,25,35,020 /- (Indian Rupees One Hundred and Fifty Seven Crores Twenty Five Lakhs Thirty Five Thousand and Twenty only) to Teachers Insurance And Annuity Association Of America.
- (c) Further, issue and allotted 1,07,10,765 Cumulative Compulsory Convertible Preference Shares at an issue price of INR 85/- (Indian Rupees Eighty Five only) per CCPS (including a premium of INR 75/-) (Indian Rupees Seventy Five only) per CCPS aggregating to INR 91,04,15,025/- (Indian Rupees Ninety One Crores Four Lakhs Fifteen Thousand and Twenty five only) to Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO).

**19. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:**

Not Applicable.

**20. The pre issue and post issue shareholding pattern of the company:**

Please refer to **Annexure B**

**21. The nature of such shares i.e. cumulative or non – cumulative, participating or non – participating, convertible or non – convertible**  
Cumulative and compulsorily convertible preference shares.

**22. The manner of issue of shares:**

The CCPS shall be issued for cash and in dematerialized form.

**23. The manner and modes of redemption**

CCPS are compulsorily convertible into equity shares of the Company in accordance with terms specified in **Annexure A.**

**24. The expected dilution in equity share capital upon conversion of preference shares:**

Please refer to **Annexure B**

The Board of Directors recommends passing of the resolution as set out in this Notice as Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or the relatives thereof are concerned or interested in these resolutions except to the extent of their shareholding in the Company, if any.

As required by Section 102(3) of the Companies Act, 2013, the documents with regard to the preferential issue shall be available for inspection at the registered office of the Company during business hours from 9:30 A.M. to 6:30 P.M on all working days.

**By order of the Board of Directors**

**Date: April 03, 2023**

**Anirudh Singh G Thakur**

**Place: Kolkata**

**Head- Legal, Compliance & Company Secretary**

## ANNEXURE “A” - TO THE NOTICE

### PART I- Terms of CCPS

#### 1. TERMS OF THE IFU PRIMARY SHARES

The IFU CCPS are issued with the following characteristics, including certain rights vested in the holder of the IFU CCPS and shall be *mutatis mutandis* reproduced in the Articles of Association:

##### 1. Definitions:

**Assam Write-Back (Tax Affected)** means any proceeds that may be collected by the Company pursuant to the Assam Microfinance Incentive and Relief Scheme until 30 September 2023 and recorded in the book value of the Company in accordance with Ind AS, as adjusted for the marginal tax rate applicable to the Company;

**Big Four** means any of the following audit and accounting firms: (i) PriceWaterhouseCoopers; (ii) KPMG; (iii) Ernst and Young; and (iv) Deloitte Touche Tohmatsu, or any of their Indian associate firms, or any other reputed audit firm, in each case acceptable to IFU;

**Conversion Event** means any of the events set out in Paragraph 7(a) below;

**Conversion Valuation** means the equity valuation of the Company used for conversion of the IFU CCPS into Equity Shares;

**Dividend** has the meaning as set out in Paragraph 5 of this **SCHEDULE 3**;

**Deloitte Analysis** means an analysis, as of March 31, 2023, of the estimated expected credit loss of the Company and additional provisions that have not been already taken into account by the Company, on the same cohort of borrowers used earlier and based on the same methodology, and on the same principles as specified in the report titled “Project Udaan Draft Key Issues Report” dated 17 August 2022 prepared by Deloitte Touche Tohmatsu India LLP, which has been provided by

the Company to IFU on a reliance basis, as adjusted for the marginal tax rate applicable to the Company;

**Exchange Rate** means the rate at which USD amount shall be exchanged into INR or vice-versa, based on the conversion rates reported by the Reserve Bank of India for 2 November 2022 (appearing on <https://www.rbi.org.in/scripts/ReferenceRateArchive.aspx>);

**Full Equity Infusion** means infusion into the Company of an aggregate amount which is the INR equivalent of USD 70 million (as calculated at the Exchange Rate) which shall include all investment(s) received on and from October 1, 2022 from external institutional investor(s) (not being related parties of the Promoters) towards subscription to the Equity Shares and/or compulsorily convertible Preference Shares issued by the Company, including infusion of the investment amount towards subscription of the TIAA Primary Shares, FMO Primary Shares, IFU CCPS, any subsequent amounts invested by FMO in the Company and any proceeds received by the Company pursuant to the Assam Write-Back (Tax Affected);

For the purposes of this definition, it is hereby clarified that any primary capital raise pursuant to the Full Equity Infusion undertaken by the Company from any Person other than Teachers Insurance and Annuity Association of America, FMO and IFU may include a secondary purchase of Securities from the Shareholders, provided however that, at all times, any such secondary purchase of Securities from the Shareholders shall not be counted towards calculation of the Full Equity Infusion amount into the Company, being the INR equivalent of USD 70 million (as calculated at the Exchange Rate).

**Qualified Investment Raise** means a single external investment into the Company (and shall include a secondary purchase of Securities from the Shareholders) by not more than 1 (one) external institutional investor (along with its Affiliates) of an aggregate amount that is equal to or greater than the INR equivalent of USD 25 million (as calculated at the Exchange Rate), where such single investment is undertaken at a priced round/ pre-determined equity valuation for the Company by 31 March 2024, and at least 50% (fifty per cent) of such investment amount is in the form of primary capital raise in the Company; and



**XIRR** means the extended internal rate of return calculated using the “XIRR” function in Microsoft Excel.

2. **General:** The IFU CCPS shall be fully paid compulsorily convertible Preference Shares having face value of INR 10 (Indian Rupees ten only) each, and issued in accordance with the terms and conditions set out herein.
3. **Equity Shares:** The number of Equity Shares to be issued to the holder of the IFU CCPS upon conversion shall, subject to the other terms and conditions set forth in this Agreement, be as set out in Paragraph 7 below.
4. **Voting Rights:** The IFU CCPS shall carry voting rights to the extent permitted under applicable law.
5. **Dividend:**
  - (a) Subject to applicable law, up to the date of conversion, each IFU CCPS shall carry a right to receive an annual cumulative dividend (“**Dividend**”) at the rate of 0.001% (zero point zero zero one percent) per annum till such time that the IFU CCPS are outstanding (“**Dividend Rate**”), as and when declared by the Board.
  - (b) The Dividend shall be declared prior to and in preference to any declaration of dividend to the holders of the Equity Shares.
  - (c) Upon conversion of the IFU CCPS into Equity Shares, the holders of the IFU CCPS shall be entitled to participate in the dividend declared on the Equity Shares on a *pari passu* basis with the holders of all other Equity Shares.
6. **Transfer Restrictions:** The IFU CCPS shall be subject to the transfer restrictions as set out in the Shareholders Agreement which shall *mutatis mutandis* be deemed to be incorporated herein by reference in the Agreement (including this Schedule).
7. **Conversion:**
  - (a) The IFU CCPS shall compulsorily convert into Equity Shares on the earlier of occurrence of any of the following events:

- (i) upon the occurrence of the Full Equity Infusion Event which includes a Qualified Investment Raise having occurred at a priced round/pre-determined valuation of the Company, at any time on or before 31 March 2024 (“**Scenario 1 Conversion Event**”); or
  - (ii) upon the occurrence of the Full Equity Infusion Event which does not include a Qualified Investment Raise having occurred, at any time on or before 31 March 2024 (“**Scenario 2 Conversion Event**”); or
  - (iii) upon the non-occurrence of the Full Equity Infusion Event at any time by 31 March 2024 (“**Scenario 3 Conversion Event**”);
- (b) Upon the occurrence of the Scenario 1 Conversion Event, the IFU CCPS shall be compulsorily converted into Equity Shares, and the Conversion Valuation for Scenario 1 Conversion Event shall be computed in a manner that provides IFU an XIRR of 25% per annum (twenty five percent per annum) calculated in INR from the date of the infusion of the IFU Investment Amount and until the date of occurrence of Scenario 1 Conversion Event or until March 31, 2024 if there is execution of the binding transaction documents as stipulated in this sub-clause 7(b)(iii) below, whichever is earlier (both dates included);
- (i) The Parties agree that the IFU CCPS shall be converted into Equity Shares within 7 (seven) days from the date of occurrence of the Scenario 1 Conversion Event, or such other extended timeline as may be mutually agreed between the Company and IFU in writing;
  - (ii) Notwithstanding anything to the contrary contained herein, the Conversion Valuation for Scenario 1 Conversion Event shall be subject to a minimum pre-money equity valuation floor of INR 1,500 crores and a maximum pre-money equity valuation cap of INR 2,000 crores;
  - (iii) The Parties agree that in case the Full Equity Infusion Event

has not been consummated in accordance with and within the timeline specified under Paragraph 7(a)(i) above but binding transaction documents to fulfil the requirement under Paragraph 7(a)(i) have been executed by the Company by 31 March 2024, then IFU shall have the right, at its sole discretion, to extend the time period for fulfilment by the Company of the requirements of Scenario 1 Conversion Event.

- (c) Upon the occurrence of the Scenario 2 Conversion Event, the IFU CCPS shall be compulsorily converted into Equity Shares and the Conversion Valuation for Scenario 2 Conversion Event shall be the higher of: (A) pre-money equity valuation of the Company of INR 1,500 crores; or (B) 1.8x of the book value of the Company as of March 31, 2023 as determined by one of the Big Four accounting firms jointly appointed by the Company and IFU at the cost of the Company, and calculated in accordance with the guidelines set out herein:
- (i) The Parties agree that the book value of the Company as of March 31, 2023 for the purpose of sub-Paragraph (c) shall be calculated by: (1) excluding any fresh equity infusion undertaken by the Company during the Financial Year ending March 31, 2023, and (2) including the impact from proceeds received by the Company pursuant to the Assam Write-Back (Tax Affected) minus any adjustments required pursuant to the Deloitte Analysis, where both the Assam Write-Back (Tax Affected) and the Deloitte Analysis shall be adjusted for the marginal tax rate as applicable to the Company;
- (ii) The Parties agree that the IFU CCPS shall be converted into Equity Shares within 30 (thirty) days from the date of occurrence of the Scenario 2 Conversion Event, or such other extended timeline as may be mutually agreed between the Company and IFU in writing;
- (iii) Notwithstanding anything to the contrary contained herein,

the Conversion Valuation for Scenario 2 Conversion Event shall be subject to a maximum pre-money equity valuation cap of INR 2,000 crores;

- (iv) The Parties agree that in case the Full Equity Infusion Event has not been consummated in accordance with and within the timeline specified under Paragraph 7(a)(ii) above but binding transaction documents to fulfil the requirement under Paragraph 7(a)(ii) have been executed by the Company by 31 March 2024, then IFU shall have the right, at its sole discretion, to extend the time period for fulfilment by the Company of the requirements of Scenario 2 Conversion Event.
- (d) Upon the occurrence of the Scenario 3 Conversion Event, the IFU CCPS shall be compulsorily converted into Equity Shares and the Conversion Valuation for Scenario 3 Conversion Event shall, subject to applicable law, be equivalent to a floor of 1x of the book value of the Company as of September 30, 2022, as specified in a certificate from the statutory auditor of the Company (including a confirmation on the expected credit loss amounts by the statutory auditor of the Company) provided to IFU to its satisfaction no later than 3 (three) days from the date of occurrence of the Scenario 3 Conversion Event;
  - (i) The Parties agree that the IFU CCPS shall be converted into Equity Shares within 7 (seven) days from 31 March 2024, or such other extended timeline as may be mutually agreed between the Company and IFU in writing;
  - (ii) Notwithstanding anything to the contrary contained herein, the Conversion Valuation for Scenario 3 Conversion Event shall not be less than the fair market value of the Company at the time of issuance of the IFU CCPS.
- (e) In the event the Transaction Documents are executed later than 30 (thirty) Business Days from November 30, 2022, upon the occurrence of either Scenario 1 Conversion Event or Scenario 2

Conversion Event or Scenario 3 Conversion Event (as the case may be), in addition to the mechanics of computation of Conversion Valuation set out in Paragraphs 7(b), 7(c) or 7(d) of this **SCHEDULE 3**, respectively, the conversion price of each IFU CCPS at the time of such conversion into Equity Shares shall be determined after adding to the IFU Investment Amount, an additional amount representing an internal rate of return of 25% per annum on the IFU Investment Amount, computed using the “XIRR” function in Microsoft Excel for the period commencing from 30 (thirty) Business Days after November 30, 2022 until the date of execution of the Term Sheet, and consequently the number of Equity Shares that IFU shall receive upon conversion of the IFU CCPS shall correspondingly decrease.

- (f) The Parties hereby acknowledge and agree that the conversion of the IFU CCPS into Equity Shares shall at all times be in compliance with applicable laws, including the applicable foreign exchange control regulations.
- (g) The Company shall take all actions necessary to facilitate and ensure the conversion of IFU CCPS to Equity Shares in accordance with this **SCHEDULE 3**.
- (h) The Company shall pay any and all documentary stamp or similar issue taxes payable in respect of the issue of the Equity Shares pursuant to the conversion of the IFU CCPS.
- (i) No fractional share shall be issued upon the conversion of any IFU CCPS, and the number of Equity Shares to be issued shall be rounded to the nearest whole share.
- (j) In the event that applicable law prevents IFU from receiving Equity Shares at the Conversion Valuation as set out in this **SCHEDULE 3**, the Promoters and the Company shall (and the Promoters shall procure that the Company shall) provide all necessary assistance, co-operation and support to IFU to identify and implement alternative arrangements such that IFU is able to achieve the shareholding in the Company that it would have



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achieved, and the economic benefits it would have received, had it received the Equity Shares at the Conversion Valuation as set out in this **SCHEDULE 3**.



## **PART II- DETAILS OF CCPS**

Pursuant to the provisions of Section 55 of the Companies Act, 2013 read with Rule 9 of the Companies (Share Capital and Debentures) Rules, 2014, the details regarding the CCPS (as defined above) to be issued to **Danish Sustainable Development Goals Investment Fund K/S**, represented by **Investment Fund for Developing Countries (IFU)** are as set out below:

**a) the priority with respect to payment of dividend or repayment of capital vis-a-vis equity shares:**

As mentioned in Terms of CCPS.

**(b) the participation in surplus fund; and participation in surplus assets and profits, on winding-up which may remain after the entire capital has been repaid:**

As mentioned in Terms of CCPS.

**(c) the payment of dividend on cumulative or non-cumulative basis:**

The payment of dividend shall be on cumulative basis.

**(d) the conversion of preference shares into equity shares:**

As mentioned in Terms of CCPS.



**(e) the voting rights:**

As mentioned in Terms of CCPS.

**(g) the redemption of preference shares.**

Not applicable since the preference shares are compulsorily convertible into equity shares.

## ANNEXURE – “B”

### The pre issue and post issue shareholding pattern of the Company:

Sr. No	Category	Pre-issue (diluted basis)		Post-issue [This is after conversion of CCPS into Equity Shares on fully diluted basis]	
		No of shares held	% of share holding	No of shares held	% of share holding
A	Promoters' holding				
1	Indian				
	Individual	--	-	-	-
	Bodies corporate	4,05,67,328	27.14	4,05,67,328	22.56
	Sub-total	4,05,67,328	27.14	4,05,67,328	22.56
2	Foreign promoters	-	-	-	-
	sub-total (A)	4,05,67,328	27.14	4,05,67,328	22.56
B	Non-promoters' holding	-	-	-	-
1	Institutional investors	9,25,75,398	61.94	12,29,06,034	68.36
2	Non-institution	-	-	-	-
	Private corporate bodies	22,03,812	1.47	22,03,812	1.23
	Directors and relatives	12,002	0.01	12,002	0.01
	Indian public	50,98,047	3.41	50,98,047	2.83

	others (including NRIs)	90,09,995	6.03	90,09,995	5.01
	Sub-total (B)	10,88,99254	72.86	13,92,29,890	77.44
	Grand Total	14,94,66,582	100	17,97,97,218	100